

Nevada Cannabis Compliance Board

Meeting Minutes March 28, 2023

The Nevada Cannabis Compliance Board (CCB) held a public meeting at 555 East Washington Ave, Room 2450, Las Vegas, Nevada and 1919 College Parkway, Meeting Room 100, Carson City, Nevada beginning at 9:00 a.m. on March 28, 2023.

Cannabis Compliance Board Members Present:

Michael Douglas, Chair

Jerrie Merritt

Riana Durrett

Bryan Young

Adriana Guzmán Fralick

Chair Douglas called the meeting to order, and Executive Director Klimas took roll. Chair Douglas and Member Durrett were present in Las Vegas. Member Young and Member Fralick were present in Carson City. Member Merritt was present via video connection.

I. Public Comment

Paul Michael Burgess stated that the social equity and independent lounge licensees were having problems getting funding and that real investors would not give over a million dollars to a startup and not have the control. Mr. Burgess brought Kurt Walker, Nicole Keil, and William Walls to the meeting. Mr. Burgess asked the Board to extend the March 31st deadline. Mr. Burgess stated that the lounge licensees should add to their business plan that they are a tech company and collecting cannabis data for research; there is a federal cannabis research bill. Mr. Burgess asked the Board to consider Mr. Walker for the pilot program.

Kurt Walker introduced himself and stated he has been in the state for 12 years. He stated he had insight and relationships and was working to bring investments to Nevada. He was here to serve and has experience with startup lending, venture capital, and venture debt. He also had experience in building out communities and getting business owners together.

Nicole Keil stated she also helped businesses and non-profits with their go-to-market strategies, receiving and getting funding through connections in the community. Ms. Keil stated she saw a lot of opportunity in Las Vegas. Ms. Keil added that cannabis business owners wanted to be treated like other business owners. Ms. Keil could help educate how to pitch and do everything as a business owner.

William Walls stated that it was important that the social equity initiative did not fail; the social equity applicants and licensees must have every opportunity to achieve their objective. It is difficult to merge into an established program. Mr. Walls stated everyone was watching to see what Nevada would do with these licensees. New York was providing funding; Nevada needs to do more to provide access to capital and finding locations for these licensees. Mr. Walls asked for an extension to allow the opportunity to accomplish the goals and objective of the social equity program.

Katree Saunders stated she was a long-time Nevada resident, patient advocate, and has been affected by the war on drugs at a state and federal level. Ms. Saunders stated that she was written out by legislation, missing the zoning requirement by 0.5 percent. Ms. Saunders added that the illicit market people were her friends and family members that could not afford to get the licenses. Social equity was only an afterthought. The things that need to be put in place for those most harmed by the war on drugs should be open applications to all existing businesses: labs, cultivation, delivery services. Ms. Saunders stated she was still fighting for social justice 10 years after her sentence.

Chair Douglas asked Director Klimas to address one of the concerns raised.

Director Klimas stated that we will be detailing the plan to extend by 90 days the date in which those that were selected to move forward in the consumption lounge application process can submit their documents. This will be in agenda item VII and the Board members will have a chance to ask questions.

II. Meeting Minutes

- A. Consideration for approval of the February 15, 2023, Cannabis Compliance Board Special Meeting minutes.**
- B. Consideration for approval of the February 28, 2023, Cannabis Compliance Board Meeting minutes.**

Chair Douglas asked for a motion on the meeting minutes. Member Durrett made a motion to approve the meeting minutes under agenda item II A and II B. Member Merritt seconded the motion. There was no additional discussion. All Members said aye. Motion carried.

III. Consent Agenda

A. Complaints

1. Approval to Proceed with Disciplinary Action – Respondent A

Executive Director Klimas presented the complaints that were reviewed by the Attorney General and requested Board approval to proceed with disciplinary action and authorize service of the complaints.

As to Respondent A, the complaint alleged violations of NRS 678B.350, NCCR 4, NCCR 6, and NCCR 11.

Chair Douglas asked for a motion. Member Durrett requested to pull the matter for discussion and stated that it was her preference to not go forward on complaints for a couple of months until the Legislature has processed and decided on bills that would change the disciplinary process. Member Durrett did not want licensees subject to discipline to miss out on a new process.

Member Durrett made a motion to hold this until the July Board meeting. There was no second for the motion. The motion failed.

Member Young made a motion to proceed with Agenda Item III A and approval to proceed with disciplinary action. Member Merritt seconded the motion. Chair Douglas noted Member

Durrett's concerns. Member Fralick asked if there was a risk to public health or safety involved. Chair Douglas responded that the Board is not allowed to know what is in the complaints until they are officially passed and served. Member Young, Member Merritt, Member Fralick, and Chair Douglas said aye. Member Durrett said nay. Motion passed.

Chair Douglas noted that if there was an imminent health matter, the Board would have had an emergency suspension as to the matter.

B. Consideration for Approval to Extend Final Inspection Deadline

1. TRNVP098, LLC (RD671) (for possible action)
2. TRNVP098, LLC (RD672) (for possible action)
3. TRNVP098, LLC (RD673) (for possible action)
4. TRNVP098, LLC (RD674) (for possible action)
5. TRNVP098, LLC (RD675) (for possible action)

Shane Terry appeared on behalf of TRNVP098.

Chief of Administration Steve Gilbert presented a summary for the items concerning TRNVP098, LLC. Chief Gilbert stated TRNV was issued conditional retail store licenses in Lander, Pershing, Mineral, Storey, and White Pine counties in 2018. TRNV has not been able to perfect the licenses in Lander and Pershing because of moratoriums. In White Pine County, TRNV was dealing with a moratorium that has now been lifted; they are moving and trying to find a location. In Mineral County, the licensee found a location and received approval from the county planning office. In Storey County, TRNV was working with the Tahoe Reno Industrial Center to get approval for a location.

Member Durrett asked for the status of the extenuating circumstances language. Member Durrett did not see a problem with these but wanted to have a policy in place about not having extensions forever. Chair Douglas responded that the Board will have a discussion before the next round in November and will send notice on the policy and timeliness. Member Durrett asked for the language. Director Klimas responded that the goal is to have the definition done and in place for Board discussion; if it is a regulation, then it could be adopted prior to the expiration of this latest round of extensions and could be used for any future extension requests.

There were no additional questions from the Board. Member Durrett made a motion to approve agenda items III B (1 through 5) with the extension granted to November 5, 2023. Member Young seconded the motion. All Members said aye.

6. Green Therapeutics, LLC (RD273) (for possible action)

Duke Fu appeared on behalf of Green Therapeutics. Chair Douglas asked if there was still a moratorium at that locale. Mr. Fu responded that was correct. Chair Douglas asked if there was any movement with the county commissioners. Mr. Fu responded that they had been in contact with a number of commissioners, were waiting to see what happens in Legislature, and would move forward with a voter initiative. There were no additional questions from the Board.

Member Durrett made a motion to approve agenda item III B (6) for Green Therapeutics with the new deadline of November 5, 2023. Member Fralick seconded the motion. All Members said aye. Motion carried.

IV. Consideration the Proposed Settlement Agreements to Resolve Disciplinary Action
A. Cannabis Compliance Board vs. Green Cross Nevada, LLC (Case No. 2022-119)

Senior Deputy Attorney General L. Kristopher Rath presented the settlement agreement for Green Cross Nevada. The complaint was filed on December 29, 2022. The allegations in the complaint arose from a routine audit conducted in September 2021. The complaint alleged seed-to-sale tracking issues, destruction log issues, failure to properly file several required reports, and tax returns did not match the amounts reported in Metrc. The parties engaged in good faith negotiations. To resolve these matters, respondent admitted to one Category III violation for failing to follow seed-to-sale tracking requirements, two Category V violations for failing to properly submit required reports to the Board, and to pay civil penalties in the amount of \$15,000 within 30 days of the approval of the settlement agreement. Respondent provided a plan of correction that was approved by the CCB. The Attorney General recommended and requested approval of the settlement agreement.

Adam Fulton appeared on behalf of Green Cross Nevada LLC. Mr. Fulton commented that the fine in this case was appropriate for the things that happened and he thought it was a fair fine in this instance.

Member Durrett asked about the formal warning language. Mr. Rath responded that whenever there is a first Category V violation, it is always in the settlement agreement; the first penalty for a first Category V violation is a formal warning and they have been included in the settlement agreements instead of being done separately. The second Category V violation is a fine; if there are not any more in three years, then there are no more repercussions.

Member Durrett asked how it happened that the tax numbers were so far off from what was reported in Metrc. Mr. Fulton responded that there were issues with prior staff that were fired. There are now new people and processes in place.

Member Young made a motion to approve agenda item IV A. Member Merritt seconded the motion. All Members said aye. Motion carried.

V. Request for Transfer of Interest

Chief of Investigation David Staley provided an update and summary to the Board on the application for BBMC, LLC that was last seen by the Board in July 2022 where TOI 19706 was referred back to staff for further consideration. On June 29th, BBMC surrendered its medical cultivation licenses. On December 20, 2022, BBMC surrendered its adult-use, cultivation, production, and distribution licenses. BBMC no longer holds any cannabis licenses in the State of Nevada. Staff have determined that TOI 19706 should be declared moot and removed from the list of TOI applications with no further action.

A. Wellness & Caregivers of Nevada NLV, LLC (TOI# 2200028 – 2200030) (C102, RC102, P049, RP049) and Wellness & Caregivers of Nevada II, LLC (C118, RC118, T089)
Chief Staley stated TOIs 2200028, 2200029, and 2200030 requested approval for various internal restructuring among internal ownership for estate planning purposes and the addition of two passive investors subsequent to the conversion of convertible notes among the Wellness &

Caregivers entities. Wellness & Caregivers have requested waivers of NCCR 5.110 pursuant to NCCR 5.112 and 5.125. Staff suggest that if approved, the Board limit the waivers to expire on Wellness & Caregivers next TOI agenda date. No areas of concern were identified.

Alicia Ashcraft appeared on behalf the licensee. Jason Liberman and Brad Saunders were also available. Ms. Ashcraft stated that these licensees are from the 2014 application round and Mr. Liberman and Mr. Saunders are two of the original founders. Ms. Ashcraft added that this was a company reorganization. This would insert a holding company and it is a restructuring for tax and administrative purposes. There are no new owners other than those that were added under the previously approved waivers. Ms. Ashcraft asked for a reinstatement of those waivers.

Chair Douglas asked for clarification on a tax payment issue. Ms. Ashcraft stated that she thought it was a mailing issue; it was timely mailed and got kicked back but they worked it out with Department of Tax.

Member Fralick asked how business was going in 2022. Mr. Liberman responded that 2020 was excellent; there was a slide towards the last quarter but sales have been steady for the majority of the year.

Member Durrett made a motion to approve the request for the transfer of interest under agenda item V A with the condition that the waivers of NCCR 5.110 pursuant to NCCR 5.112 and 5.125 expire on the next agenda item related to a transfer of interest. Member Fralick seconded the motion. All Members said aye. Motion carried.

B. Silver Sage Wellness, LLC (TOI# 2100051) (C042, RC042, D049, RD049, P022, RP022)

Chief Staley stated TOI 2100051 was filed in July 2021 and later amended to request approval for the sale of Nick Hice and Kayvan Khalatbari's combined ten percent ownership to the James M. and Pamela A. Blasco Revocable Trust, as well as the subsequent transfer of ten percent ownership from the Blasco Trust to the Peter J. Becker and Angela A. Becker Revocable Trust. The transfer of 10% between Blasco Trust to the Becker Trust will be completed through the forgiveness of a loan between the Beckers and Blascos. Staff have identified areas of concern because James and Pamela Blasco transferred their combined and individually held 81% ownership interest of Silver Sage into the Blasco Trust in December 2018 without prior approval by the Nevada Department of Taxation or the CCB.

Mark Ferrario appeared on behalf of Silver Sage. Ms. Blasco and Ms. Whitney Welch were also available. Mr. Ferrario explained that the transfer to the family trust was done for estate planning purposes; Mr. Blasco fought a multi-year battle with cancer and the transfer was part of his estate planning. It was an oversight not to notify Taxation.

Member Durrett asked for a reminder on what the law was at that time for an unapproved transfer; Member Durrett doubted that anybody who put their assets into a revocable trust in 2018 would have thought that they needed permission. Member Durrett was not concerned with that transfer as the person has passed.

Member Durrett asked if the new management in charge at Silver Sage had cannabis experience. Mr. Ferrario responded that the new management has cannabis experience and asked Ms. Blasco to expand. Ms. Blasco stated she had two special needs sons which was their mission, and looked to become more active in the community and philanthropic endeavors. Member Durrett

noted that she saw that they did a lot during COVID.

Chair Douglas commented that he was inclined to grant the pending request transferring the interest, and referring to the attorney general's office and looking at a fine less than what was projected.

Member Fralick asked if there were any beneficiaries that benefitted from the transfer or have the profits been held in trust. Mr. Ferrario responded that Mr. and Mrs. Blasco owned Silver Sage before the transfer and controlled it after. Ultimately, if they both pass then there will be beneficiaries. Member Durrett commented that the concern would be the beneficiaries' role if they have a controlling interest.

Member Durrett made a motion to approve the requested transfer of interest and the matter will not be referred to the Attorney General. Chair Douglas stated there was a motion for approval indicating no violations and asked for a second. Member Fralick seconded the motion. Board Members said aye. Chair Douglas said nay. Motion carried.

C. MA & Associates, LLC (TOI# 21022 and 2200041) (L002, LR002) and MA Analytics LLC

Chief Staley stated TOI 21022 was filed in July of 2020 and TOI 220041 was filed in November 2022 to request approval for Mark Sarna through MA Analytics LLC to purchase 95% ownership in MA & Associates from Pazoo Inc., a publicly traded company, which would retain 5% ownership as an equity grant. The bulk of the purchase will be through the retirement of over two million in loans made by Pazoo to Sarna. There are areas of concern regarding unapproved transfers of interest and the reporting of false information to Taxation. In June 2014, the Taxation regarded the ownership of MA & Associates as 40% held by Pazoo and 60% held between Antonio del Hierro, Ben Bingham, and Davi Lieberthal. In August 2015, Pazoo disclosed in SEC filings that it purchased 60% of MA & Associates; thereafter, Pazoo's SEC filings recognized MA & Associates as a wholly owned subsidiary. In response to the Board agent's request for an explanation, Pazoo replied that it had not completed an unapproved transfer because the purchase agreement required approval by the appropriate regulatory body to be completed. The company never filed a request for approval of the transfer. MA & Associates submitted purchase agreements from 2017 for Sarna to purchase the amounts previously owned by Del Hierro, Bingham, and Lieberthal while Pazoo reported 100% ownership of MA & Associates.

Amanda Connor appeared on behalf of the licensees. Mr. Mark Sarna and Mr. Basloe were also available. Ms. Connor stated that the loans were from Mr. Sarna to Pazoo. Ms. Connor directed the Board to MA & Associates written response. Ms. Connor added that it was MA's position that there were no false statements made to Taxation or prior regulating agencies; Mr. Sarna elected to pursue the purchase option in consideration for forgiveness of debt. Mr. Sarna travelled from New Jersey and was excited to be involved in the cannabis industry in Nevada.

Member Durrett asked about the rules in place in 2015 and if there was a violation of the statute at that time. Ms. Connor recalled that when it was originally adopted for medical marijuana establishments in 2013, there was a prohibition on transfers; it was changed in the legislative session of 2015. However, when legislature adopts changes, there is a period of time until regulations are adopted regarding that. Chair Douglas asked if that was also applicable to adult-use cannabis products. Ms. Connor responded that there were regulations in effect at that time

regarding transfers; it was the company's position that there were conditions precedent to occur and that did not happen.

Chief Staley stated that the NAC and the NRS require prior approval for transfers of interest. The licensee argued that since they had not received the approval, the transfers did not occur. Chief Staley stated that the SEC filings indicated that the transaction did occur; the company has been a subsidiary since 2015 and they have been recognizing revenue from that transaction. Chief Staley added that they have been reporting to Taxation and the CCB the old ownership.

Member Durrett asked if the money was transferred or was there a cancellation of debt. Ms. Connor responded that there was some cash for just price, but the majority was cancellation of debt.

Chief Staley stated that Pazoo Inc. paid individual shareholders in 2015 acquired their cannabis license at that time; the second part of the TOI before the Board was the ability for Mr. Sarna to purchase it from Pazoo.

Chair Douglas noted that the company was in good shape and all of the parties have been moving to bring it forward but there seemed to be disagreement on whether or not there was a violation. Chair Douglas made a motion to approve the TOI and refer it back to staff to work with the licensee to make a determination. Member Young seconded the motion. All Members said aye. Motion carried.

D. GPRP Distributors, LLC (TOI#200039) (T095) and Deep Roots Harvest Inc. (C070, RC070, C185, D165, RD165, D200, RD397, RD398, RD399, RD400, RD401, P088, RP088, P121, T024)

Chief Staley stated TOI 200039 requested approval for two internal restructuring transfers that would result in Deep Roots distribution license T095 transfer from subsidiary GPRP to Deep Roots itself, and the insertion of a holding company, Deep Roots Holding Inc., between the company's individual shareholders and Deep Roots. Deep Roots requested waivers of NCCR 5.110 pursuant to NCCR 5.112 and 5.125. If approved, the requirements for prior Board approval of transfers of less than five percent Deep Roots ownership and agent card requirements for owners of less than five percent will be waived. Staff suggest that if approved, the waivers expire on its next agenda date. No areas of concern were identified.

Lori Rogich appeared on behalf of Deep Roots Harvest and GPRP Distributors. Keith Capurro was present. Ms. Rogich requested approval to dissolve GPRP and transfer its license to Deep Roots Harvest and to restructure Deep Roots Harvest and holding company.

There were no questions from the Board. Member Durrett made a motion to approve the request for transfer of interest under agenda item V D, granting the request for waiver with the waivers expiring on the next agenda date relating to a transfer of interest. Member Fralick seconded the motion. All Members said aye. Motion carried.

E. Green Mining Concepts, Inc. (TOI#19072, 19072A and 2200031) (C093, RC093, P048, RP048, D105, RD105, D145, RD145) and Natural Medicine, L.L.C. (CTOI# C2100022, C2100023, C2200019) (C052, RC052, P039, RP039, D089, RD089, T077)

Chief Staley stated TOI 19072, 19072A, and 2200031 requested approvals for internal restructuring, the addition of some new investors, and the proposed sale of a conditional dispensary license. Natural Medicine received conditional approval at the Board's July 2022 meeting for internal restructuring. A full updated review of Natural Medicine indicates that it complied with all conditions associated with the conditional approvals. If the Board approves, the conditional TOIs C2100022, C2100023, and C2200019 will convert to full non-conditional approval. Natural Medicine requested waivers of NCCR 5.110 pursuant to NCCR 5.112 and 5.125. Staff suggest that if approved, the waivers expire on its next agenda date. Chief Staley stated there were areas of concern regarding lack of requested documentation, unapproved transfers of interest, and a balance due to the Nevada Department of Taxation of approximately \$940,000. It appears that the transfer of interest requested for TOI 19072 have already occurred because Green Mining financial statements reflect the infusion of capital and license renewals for 2019, 2020, and 2021 include the ownership structure requested in the TOI.

Chair Douglas asked Chief Staley to identify for the Board what was not provided. Chief Staley responded that there were various sets of information that would have helped the agent prepare the report that were not provided including documentation regarding the transfer of interest and purchase agreements.

Brian Hardy appeared on behalf of Green Mining Concepts. Adam Fulton appeared on behalf of the new ownership. Keith Findley, a founding owner, was available. Stephanie Smith appeared on behalf of Natural Medicine along with Lindsay Klinitz (Director of Operations) and Elle Naitoh (Director of Compliance). Mr. Hardy explained that the request was originally submitted in 2018 and has been through a number of iterations and provided background on the changes. Mr. Hardy stated that in regard to documents being requested, he was brought in recently and made sure that the requested documents were provided. Mr. Hardy identified all of the ownership and proposed structure in a letter sent March 14, 2023.

Chair Douglas asked how it can be assured that the tax matter will be taken care of. Mr. Hardy stated that the revenue from the sale of one of the dispensary licenses will be used to pay off the tax obligation. Chair Douglas noted the concern of putting a condition that would affect the new ownership.

Chair Douglas asked Chief Staley for information on the requested information. Chief Staley responded that at the time the report was completed, the purchase agreements or other documentation governing the new ownership were missing.

Member Durrett asked for comments on the TOI 19072 having occurred before it was approved and if funds were transferred. Mr. Hardy responded that the company needed funds and there were loan agreements in place that would be forgiven upon the consummation of the purchase. Member Durrett noted that it was not clear whether or not a transfer occurred; one thing that can be looked at is what is in the SEC filings. Member Durrett asked Chief Staley if those could have been loans versus an actual transfer of interest. Chief Staley responded that during fiscal year 2019, the ownership of Green Mining changed to include new investors. Member Durrett asked how it was determined to have changed. Mr. Hardy replied that no share certificates were issued, but there were proposals for transfers to occur; the transfers couldn't occur until there was approval. Mr. Hardy added that the company was trying to operate in a fiscally appropriate manner. Chief Staley stated that there were six or seven requests for information and the available information was compiled for the Board; the CCB would welcome

additional information to clarify the situation.

Member Fralick asked a question regarding outstanding licensing fees. After a review, it was determined that the question was intended for a separate report.

Chair Douglas made a motion to grant the matter conditionally and allow 60 days to provide other documents and then report back to the Board whether this needs to go to the Attorney General's office or have the questions been satisfied. Chair Douglas noted that Natural Medicine satisfied all of the other requirements.

Mr. Hardy proposed making the internal restructuring conditional and final approval for the transfer of the dispensary license; it was important to have the final transfer approved in order to work with the City of Las Vegas. Chief Staley understood that there would be a blanket condition of 60 days on the transfers applied to internal restructuring of Green Mining. Chief Staley thought that would work for staff and the company, and within 60 days it could be presented to the Board to lift the condition on Green Mining.

Chair Douglas incorporated those terms of separation into his motion. Member Durrett seconded the motion and asked if the conditions of the waivers should be included. Chair Douglas noted it would include approval of the waivers which would be set to expire on the next TOI application date. Mr. Hardy asked to clarify that the transfer to Natural Medicine was a final transfer which could then trigger the payment obligation to pay the tax obligation, and then address the internal. Chair Douglas affirmed. All Members said aye. Motion carried.

F. Silver Dollar Distribution (TOI# 21071) (T101) and The Hempire Company L.L.C.

Chief Staley stated TOI 21071 was filed in December 2021 to request approval for sale of Michael Lach's Silver Dollar distribution to license to David Baker through his company, The Hempire Company. Hempire is currently licensed for cultivation and production and would like to have distribution capability for its products. Staff identified an area of concern in that Lach and Baker informed the CCB agent that the transaction had already occurred, supported by the January 29, 2019 effective date of the asset purchase agreement.

Rusty Graf appeared on behalf of Hempire along with Michael Lach and David Baker. Mr. Graf explained that Hempire previously purchased the licenses from Blue Coyote. During the approval of that transaction, they were somewhat instructed by the Department of Taxation to hold off on the transfer of this license due to the previously involved federal liquor license requirement. Mr. Graf stated they adhered to that instruction and then filed for the transfer in 2021 in order to finalize. Mr. Graf added that the transaction was known to the Department of Taxation. This is a 100% transfer and they were informed last week that there were outstanding fees which they are amenable to paying the fees within 30 days of approval. Mr. Graf stated it was also important to have the distribution license due to the recent proposal of Assembly Bill 33.

Chief Staley asked if the cultivation and production licenses C184 and P120 were purchased from the same group that held the distribution license. Mr. Graf responded no, there was the perceived perception that you had to have a federal liquor license; it was a condition on the February 23, 2018 conditional approval. Chief Staley asked if Mr. Lach previously held C184

and the production. Mr. Lach responded that his business partner, Tom Smith, held those. Mr. Lack provided background on working with Damon Hernandez at the time. Chief Staley asked if the sale of the distribution license was related to the sale of the cultivation and production. Mr. Lach responded that it was not related in actual entity ownership, but it was related because it culminated together because of the location.

Chair Douglas made a motion to grant the request for the TOI with the representations that the outstanding renewal fees for 2021 and 2022 be paid in 60 days. Member Durrett seconded the motion. Board Members said aye. Motion carried.

[Note: Member Merritt dropped off the video connection at 11:00am and rejoined at 11:02am. Member Merritt was not present during approval of agenda item IV (F).]

G.Moms Meds Management L.L.C. (TOI# 2200040) (C203, P135)

Chief Staley stated TOI 2200040 was filed to request approval for Loral Langemeier to purchase 50% of Moms Meds Management from her business partner Benjamin Hoskins, resulting in Langemeier owning 100% of Moms Meds. No areas of concern were identified.

Jeff Donato and Ms. Langemeier appeared on behalf of Moms Meds. Mr. William Uchimoto was available via Zoom. Mr. Donato stated Chief Staley presented the matter and they were available for any questions.

There were no questions from the Board. Member Durrett made a motion to approve the request for transfer of interest relating to Moms Meds Management. Member Young seconded the motion. All Members said aye. Motion carried.

H.Redwood Warehouse, LLC (TOI# 2200033 – Withdrawal) (C029, RC029, T071)

Chief Staley stated TOI 2200033 was a request for a withdrawal submitted by Redwood Warehouse. Redwood appeared at the February 2023 meeting where an additional sale to an outside group was contemplated. The parties were unable to move forward with the proposed sale and requested TOI 2200033 related to the final sale be withdrawn. Redwood requested waivers pursuant to NCCR 5.125 as the waiver approved in February expires at its appearance in the March agenda. Staff suggest that if approved, the waivers expire on Redwood's next agenda date for a transfer of interest. No areas of concern were identified.

Amanda Connor and Derek Connor appeared on behalf of the licensee. Maggie McLetchie appeared via Zoom on behalf of Leon Kermani. Ms. Connor stated it was her understanding that this matter was to approve the withdrawal of a portion of the transfer; the agreement with The Placide Group and Mr. Kermani is not going forward. Ms. Connor also requested approval of the waivers.

Ms. McLetchie stated that Ms. Connor correctly summarized the status and they were asking for approval to formally withdraw the transfer of Mr. Kermani's interests to the Placide Group.

Member Durrett asked for the reason why it did not go through. Ms. McLetchie responded that the Placide Group did not want to go forward due to the economic conditions in the cannabis industry in Nevada. Member Durrett hoped there would be improvements in Nevada to attract out of state investors.

Member Durrett made a motion to approve agenda item V H, the waiver request of NCCR 5.110 pursuant to 5.125 and 5.112. Chair Douglas noted the withdrawal. Member Durrett added the withdrawal. Member Young seconded the motion. All Board Members said aye. Motion carried.

VI. Request for Consideration of Approval of Management Service Agreements

A. Premium Produce, LLC (C033, RC033, P038, RP038) and Albert Einstone's LLC

Chief Staley stated the agreement between Premium Produce, LLC and Albert Einstone's LLC was for the production of Einstone's branded products by Premium. CCB Staff reviewed the agreement and found the relationship between the parties appropriate.

Amanda Connor appeared along with Ms. Priscilla Vilchis for Premium Produce and Mr. Qualid Ladraa for Albert Einstone's. Ms. Connor stated that the agreement was not a management services agreement; it was a licensing agreement. Ms. Connor added that it was not submitted by Premium Produce for a request to be brought before the Board for approval. The matter was requested by CCB staff when they saw that the products were being produced at the facility and the licensee provided the agreement. Ms. Connor and the client did not think that a licensing or packaging agreement required Board approval. The licensing agreement does not have participation in profits or control of the operations of Premium Produce. Ms. Connor thought that it would set a precedent that all packaging and licensing agreements come before the Board.

Chair Douglas appreciated Ms. Connor's position but disagreed partially. Chair Douglas stated that the Legislature is concerned with the participation in the industry of people who aren't properly licensed before the Board; there are concerns with who is involved and to what percentage. Chair Douglas added that this will need to be clarified and sorted out.

Member Durrett preferred to wait until rules are in place. Member Fralick asked if there was an opinion for the DAGs on the interpretation. Chief Staley responded that there was not a formal opinion. Member Durrett thought there should be a policy discussion first and adopt regulations, not having it based on appearing on the agenda.

Chief Staley noted that Ms. Connor was correct in that there was not an acquisition of control or participation in revenue; there was additional information identified and the Board's direction on this will create policy on how they look at licensing.

Chair Douglas commented that Albert Einstone's paid their employees to work at Premium so there is a relationship. Chair Douglas thought they could approve this understanding and have further study. Member Fralick asked for clarification on if it would be approved or referred back to staff. Chair Douglas replied that the question was how much the Board needs to know so they can capture what is the licensing and not necessarily participation. Member Durrett would like to have an open discussion and hear from others in the industry about the pros and cons of how it works in practice. Member Durrett understood why an inspector would want to review a licensing agreement and make sure it isn't operating as the third party controlling; Member Durrett thought the policy should come first. Member Durrett opposed taking a vote.

Chief Deputy Attorney General Rosalie Bordelove offered guidance and commented that it did not sound like it would be fruitful to refer it back to staff. Ms. Bordelove suggested that it could

be approved or rejected to the extent that it requires approval, but not making the determination that it needs approval this day.

Member Durrett thought that was a good solution to not hold up the relationship and shelving the topic on whether it requires approval or not.

Ms. Connor stated that she had not confirmed with her client but thought that approval to the extent it needs approval would not be objected to; a discussion outside of the agenda item would be appropriate.

Member Fralick asked if there was an issue with the wording of the agenda item. Ms. Bordelove responded that it could be called a typo in terms of organization. Ms. Bordelove added that the Board could still go ahead with approving it to the extent that approval is required. The other option would be to not take action, but the problem is the Board hasn't made the determination whether or not this type of agreement requires approval and puts it on hold.

Chair Douglas added that the ultimate question is what is a services agreement. There is clearly a service because of the payment to the employees. Chair Douglas understood and supported Member Durrett's position to have a discussion.

Chair Douglas made a motion for approval with the request that staff bring this back for a future agenda item after a meeting of stakeholders. Member Merritt seconded the motion. Member Durrett asked if they were saying it was subject to approval. Chair Douglas replied that they were approving of what was before the Board today. All Members said aye. Motion carried.

[A recess was called at 11:32 am. The Board came back on the record at 11:44 am.]

B. Solace Enterprises, LLC (C076, RC076, P046, RP046) and SGI Solace Management LLC

Chief Staley stated item B was a management services agreement between Solace Enterprises, LLC and SGI Solace Management to manage operation of Solace's cultivation and production facility. It also includes the potential purchase of the licenses. CCB staff reviewed the agreement and found the relationship between the parties appropriate.

Chair Douglas noted there was a minor concern about an agent card applied for in a timely manner.

Prescott Jones appeared on behalf of the SGI Solace Management with Kristen Abajian, inhouse counsel for SGI Solace. Alicia Ashcraft appeared on behalf of Solace Enterprises. Mr. Jones stated that the MSA generally expands upon a preexisting licensing agreement between the parties. The agent card issue has been resolved.

Chair Douglas asked about the agent card. Mr. Jones responded that the individual was in the process of obtaining one.

Alicia Ashcraft noted that Nicolas MacLean, manager of Solace Enterprises, was appearing by Zoom. Ms. Ashcraft added that the investigation discovered that there was an owner with an expired agent card; this owner is passive and not involved in the day-to-day operations. There is

a transfer of interest for that part of the ownership. Ms. Ashcraft asked the Board to approve the relationship under the MSA and they will work out the pending transfer of interest.

Member Durrett made a motion to approve the relationship proposed under agenda item VI B between Solace Enterprises and SGI Solace Management. Member Merritt seconded the motion. All Board Members said aye. Motion carried.

C. Moms Meds Management L.L.C. (C203, P135) and Quanvus Management NV – Hawthorne, LLC

Chief Staley stated the management services agreement between Moms Meds Management and Quanvus Management NV – Hawthorne provided for Quanvus to provide management services and complete the buildout of Moms Meds cultivation and production licenses. CCB staff reviewed the agreement and found the relationship appropriate.

Jeff Donato appeared on behalf of Moms Meds and stated they were seeking approval of the MSA with Mr. Ranson Shepherd's group.

Chair Douglas noted that the central task was taking it from non-operational to operational. Mr. Donato responded that was correct.

Member Young made a motion to approve agenda item VI C, the relationship between Moms Meds Management and Quanvus Management. NV. Member Fralick seconded the motion. All Board Members said aye. Motion carried.

D. DEC Ops NV, LLC (C010, RC010), DEP Ops NV, LLC (P009, RP009, T021), and Fluresh, LLC

Chief Staley presented two related MSA's. The first was an agreement between DEP Ops NV, LLC and Fluresh, LLC. The MSA provided for Fluresh to provide business, marketing, human resources, accounting, administrative, legal, technological, financial, and construction consulting to support DEP's distribution and medical and adult-use licenses. CCB staff reviewed the agreement and found the relationship between the parties appropriate. The second MSA was an agreement between DEC Ops NV and Fluresh. This MSA provided for Fluresh to provide business, marketing, human resources, accounting, administrative, legal, technological, financial, and construction consulting to support DEC's medical and adult-use licenses. CCB staff reviewed the agreement and found the relationship between the parties appropriate.

Melissa Waite appeared on behalf of DEC Ops NV, LLC and DEP Ops NV, LLC, both of which are wholly owned subsidiaries of Desert Evolution. Brandon Kanitz was available via Zoom and is the owner of Desert Evolution and Fluresh. Ms. Waite requested approval of the relationship.

Member Durrett made a motion to approve the relationship under agenda item VI D for DEC Ops NV, DEP Ops NV, and Fluresh. Member Young seconded the motion. All Board Members said aye. Motion carried.

VII. Briefing from the Chair and the Executive Director

Chair Douglas gave his time to Executive Director Klimas. Director Klimas detailed the consumption lounge extension that was brought up earlier in the meeting. The applicants that

were selected had 120 days to submit required documents with the deadline being March 31. Director Klimas noted that all of the cases had been assigned to staff and a number of reminders were sent out. There were still a large number that have not submitted some or all of their documentation. Extensions have been requested. CCB staff proposed issuing a 90 day extension to submit the required documentation after the Board had the opportunity to share concerns or ask questions. There were no questions from the Board.

Director Klimas noted that the CCB was planning a workshop the second week of April to seek stakeholder input per the Executive Order by Governor Lombardo's office. The CCB hoped to get robust participation. Director Klimas added that the workshop would be a good place to hear input regarding the air ventilation requirements for consumption lounges.

VIII. Next Meeting Date

The next Board meeting is scheduled for April 25, 2023.

IX. Items for Future Agendas

Member Durrett asked if Metrc training could be reviewed before it was presented.

X. Public Comment

Amanda Connor asked if the 90-day extension for consumption lounges would apply to everyone, all license types.

XI. Adjournment

Director Klimas noted that it would be a blanket extension and notice will go out before the deadline.

Meeting adjourned at 12:06 p.m.